

PREVAILED

Roll Call No. \_\_\_\_\_

FAILED

Ayes \_\_\_\_\_

WITHDRAWN

Noes \_\_\_\_\_

RULED OUT OF ORDER

## HOUSE MOTION \_\_\_\_\_

MR. SPEAKER:

I move that House Bill 1188 be amended to read as follows:

- 1 Page 10, line 1, delete "IC 4-32." and insert **"IC 4-32 or the sale of**
- 2 **pari-mutuel pull tabs under IC 4-35."**
- 3 Page 22, line 36, delete "IC 4-31-7.5." and insert **"IC 4-31-7.5 or**
- 4 **IC 4-35."**
- 5 Page 22, line 39, delete "has" and insert **"means a game offered to**
- 6 **the public in which a person who purchases a ticket or simulated**
- 7 **ticket has the opportunity to share in a prize pool, multiple prize**
- 8 **pool, or a shared prize pool. The term refers to a game authorized**
- 9 **under IC 4-31-7.5 or IC 4-35."**
- 10 Page 22, delete line 40.
- 11 Page 23, line 14, delete "IC 4-31-7.5." and insert **"IC 4-31-7.5 and**
- 12 **IC 4-35."**
- 13 Page 23, line 37, after "devices to" insert ":".
- 14 Page 23, line 37, delete "a permit holder authorized to sell and
- 15 redeem" begin a new line block indented and insert:
- 16 **"(1) a permit holder authorized to sell and redeem**
- 17 **pari-mutuel pull tab tickets under IC 4-31-7.5; and**
- 18 **(2) a person authorized to sell and redeem pari-mutuel pull**
- 19 **tab tickets under IC 4-35."**
- 20 Page 23, delete line 38.
- 21 Page 24, line 26, delete "IC 4-31-7.5." and insert **"IC 4-31-7.5 and**
- 22 **IC 4-35."**
- 23 Page 33, line 36, after "1.5." insert **"(a)"**.

Page 33, after line 42, begin a new paragraph and insert:

**"(b) This chapter does not apply to a person licensed to sell pari-mutuel pull tabs under IC 4-35."**

Page 36, between lines 40 and 41, begin a new paragraph and insert:

**"SECTION 34. IC 4-33-18-9, AS ADDED BY P.L.192-2002(ss), SECTION 27, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]: Sec. 9. (a) Nothing in this chapter may be construed to limit the powers or responsibilities of:**

- (1) the Indiana lottery commission under IC 4-30;**
- (2) the Indiana horse racing commission under IC 4-31;**
- (3) the department of state revenue under IC 4-32; or**
- (4) the Indiana gaming commission under IC 4-31-7.5, IC 4-33, or IC 4-35.**

**(b) The department may not exercise any administrative or regulatory powers with respect to:**

- (1) the Indiana lottery under IC 4-30;**
- (2) pari-mutuel horse racing under IC 4-31;**
- (3) charity gaming under IC 4-32; or**
- (4) riverboat casino gambling under IC 4-33; or**

**(5) pari-mutuel pull tabs under IC 4-31-7.5 and IC 4-35.**

**SECTION 35. IC 4-35 IS ADDED TO THE INDIANA CODE AS A NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2004]:**

## **ARTICLE 35. PARI-MUTUEL PULL TABS IN TAVERNS**

### **Chapter 1. Application**

**Sec. 1. This article applies only to the sale of pari-mutuel pull tabs by a licensee licensed under IC 4-35-5.**

**Sec. 2. This article does not apply to the sale of pull tabs by:**

- (1) a permit holder under IC 4-31-7.5; or**
- (2) a qualified organization under IC 4-32.**

### **Chapter 2. Definitions**

**Sec. 1. The definitions in this chapter apply throughout this article.**

**Sec. 2. As used in this chapter, "adjusted gross receipts" means:**

- (1) the total of all cash and property (including checks received by a licensee, whether collected or not) received by a licensee from pari-mutuel pull tab sales; minus**
- (2) the total of:**
  - (A) all cash paid out to patrons as winnings for pari-mutuel pull tabs; and**
  - (B) uncollectible pari-mutuel pull tab receivables, not to exceed the lesser of:**
    - (i) a reasonable provision for uncollectible patron**

1 checks received from pari-mutuel pull tab sales; or  
 2 (ii) two percent (2%) of the total of all sums, including  
 3 checks, whether collected or not, less the amount paid  
 4 out to patrons as winnings for pari-mutuel pull tabs.

5 For purposes of this section, a counter or personal check that is  
 6 invalid or unenforceable under this article is considered cash  
 7 received by the licensee from pari-mutuel pull tab sales.

8 Sec. 3. "Commission" means the Indiana gaming commission  
 9 established by IC 4-33.

10 Sec. 4. "Department" means the department of state revenue.

11 Sec. 5. "Licensee" means a person holding a three-way permit  
 12 to sell alcoholic beverages for on-premises consumption.

13 Sec. 6. "Pari-mutuel pull tab" means a game offered to the  
 14 public in which a person who purchases a ticket or simulated  
 15 ticket has the opportunity to share in a prize pool, multiple prize  
 16 pools, or a shared prize pool consisting of the total amount  
 17 wagered in the game minus deductions by the licensee selling the  
 18 pari-mutuel pull tab and other deductions either permitted or  
 19 required by law.

20 Sec. 7. "Tavern" means an establishment operated under a  
 21 three-way permit to sell alcoholic beverages for on-premises  
 22 consumption.

### 23 Chapter 3. General Provisions

24 Sec. 1. All shipments of gambling devices, including  
 25 pari-mutuel pull tab machines, to licensees in Indiana, the  
 26 registering, recording, and labeling of which have been completed  
 27 by the manufacturer or dealer in accordance with 15 U.S.C. 1171  
 28 through 15 U.S.C. 1178, are legal shipments of gambling devices  
 29 into Indiana.

30 Sec. 2. Under 15 U.S.C. 1172, approved January 2, 1951, the  
 31 state of Indiana, acting by and through elected and qualified  
 32 members of the general assembly, declares that the state is  
 33 exempt from 15 U.S.C. 1172.

### 34 Chapter 4. Powers and Duties of the Indiana Gaming 35 Commission

36 Sec. 1. The commission shall regulate and administer the sale,  
 37 purchase, and redemption of pari-mutuel pull tab tickets under  
 38 this article.

39 Sec. 2. (a) The commission shall adopt rules under IC 4-22-2,  
 40 including emergency rules adopted under a procedure identical to  
 41 the procedure set forth in IC 4-22-2-37.1, to implement this  
 42 article, including rules that prescribe:

43 (1) an approval process for pari-mutuel pull tab games that

requires periodic testing of the games and equipment by an independent entity under the oversight of the commission to ensure the integrity of the games to the public;

(2) a system of internal audit controls;

(3) a method of payment for pari-mutuel pull tab prizes that allows a player to transfer credits from one (1) terminal or device to another;

(4) a method of payment for pari-mutuel pull tab prizes that allows a player to redeem a winning ticket for additional play tickets or credit to permit purchase of additional play tickets;

(5) requirements for a license to sell pari-mutuel pull tabs that a licensee must obtain from the commission before selling pari-mutuel pull tabs; and

(6) any other procedure or requirement necessary for the efficient and economical operation of the pari-mutuel pull tab games and the convenience of the public.

(b) The commission may enter into a contract with the alcohol and tobacco commission for the provision of services necessary to administer pari-mutuel pull tab games under this article.

#### **Chapter 5. Pari-Mutuel Pull Tab License**

**Sec. 1.** The commission may issue a license to a licensee to sell pari-mutuel pull tabs under this article at the locations described in IC 4-35-6-4.

**Sec. 2.** Before issuing a license to a licensee under this chapter, the commission shall subject the licensee to a background investigation similar to a background investigation required for an applicant for a riverboat owner's license under IC 4-33-6.

**Sec. 3.** An initial pari-mutuel pull tab license expires five (5) years after the effective date of the license. Unless the pari-mutuel pull tab license is terminated or is revoked, the pari-mutuel pull tab license may be renewed annually thereafter upon:

(1) the payment of an annual renewal fee determined by the commission; and

(2) a determination by the commission that the licensee satisfies the conditions of this chapter.

**Sec. 4. (a)** A licensee holding a pari-mutuel pull tab license shall undergo a complete investigation every three (3) years to determine whether the licensee remains in compliance with this article.

(b) Notwithstanding subsection (a), the commission may investigate a licensee at any time the commission determines it is necessary to ensure that the licensee remains in compliance

1 with this article.

2 Sec. 5. A licensee shall bear the cost of an investigation or a  
3 reinvestigation of the licensee and any investigation resulting  
4 from a potential transfer of ownership.

5 Sec. 6. The commission may assess an administrative fee to a  
6 licensee offering pari-mutuel pull tab games in an amount that  
7 allows the commission to recover all the commission's costs of  
8 administering the pari-mutuel pull tab games.

9 Chapter 6. Conduct of Pari-Mutuel Pull Tab Games

10 Sec. 1. A pari-mutuel pull tab game must be conducted in the  
11 following manner:

- 12 (1) Each set of tickets must have a predetermined:
  - 13 (A) total purchase price; and
  - 14 (B) amount of prizes.
- 15 (2) Randomly ordered pari-mutuel pull tab tickets may be  
16 distributed from an approved location or from a distribution  
17 device to:
  - 18 (A) the licensee at the licensee's tavern; or
  - 19 (B) a terminal or device of the licensee at the licensee's  
20 tavern.
- 21 (3) A pari-mutuel pull tab ticket must be presented to a  
22 player in the form of a paper ticket or display on a terminal  
23 or device.
- 24 (4) Game results must be initially covered or otherwise  
25 concealed from view on the pari-mutuel pull tab ticket,  
26 terminal, or device so that the number, letter, symbol, or set  
27 of numbers, letters, or symbols cannot be seen until the  
28 concealing medium is removed.
- 29 (5) A winner is identified after the display of the game  
30 results when a player removes the concealing medium of the  
31 pari-mutuel pull tab ticket or display on a terminal or device.
- 32 (6) A winner shall receive the prize or prizes posted or  
33 displayed for the game from the licensee.

34 Sec. 2. A person less than twenty-one (21) years of age may not  
35 purchase a pari-mutuel pull tab ticket.

36 Sec. 3. The sale price of a pari-mutuel pull tab ticket may not  
37 exceed ten dollars (\$10).

38 Sec. 4. The sale, purchase, and redemption of pari-mutuel pull  
39 tab tickets under this article are limited to taverns operated by  
40 licensees.

41 Sec. 5. A licensee may not install more than two (2) pull tab  
42 terminals or devices on the premises of the licensee's tavern.

43 Sec. 6. The number and amount of the prizes in a pari-mutuel

pull tab game must be finite. However, the Indiana gaming commission may not limit the number or amount of prizes in a pari-mutuel pull tab game.

Sec. 7. A list of prizes for winning pari-mutuel pull tab tickets must be posted or displayed at a location where the tickets are sold.

Sec. 8. A licensee may close a pari-mutuel pull tab game at any time.

Sec. 9. A terminal or device selling pari-mutuel pull tab tickets may be operated by a player without the assistance of the licensee for the sale and redemption of pari-mutuel pull tab tickets.

Sec. 10. A terminal or device selling pari-mutuel pull tab tickets may not dispense coins or currency as prizes for winning tickets. Prizes awarded by a terminal or device must be in the form of credits for additional play or certificates redeemable for cash or prizes.

Sec. 11. A tavern offering pari-mutuel pull tabs may not place the tavern's pull tab terminals or devices in a location that is accessible or visible to a person less than twenty-one (21) years of age.

#### Chapter 7. Penalties

Sec. 1. A person who knowingly or intentionally aids, induces, or causes a person who is:

- (1) less than twenty-one (21) years of age; and
- (2) not an employee of a pari-mutuel pull tab operation licensed under this article;

to enter or attempt to enter the pari-mutuel pull tab operation commits a Class A misdemeanor.

Sec. 2. A person who:

- (1) is not an employee of a pari-mutuel pull tab operation licensed under IC 4-31;
- (2) is less than twenty-one (21) years of age; and
- (3) knowingly or intentionally enters the pari-mutuel pull tab operation;

commits a Class A misdemeanor.

#### Chapter 8. Taxation

Sec. 1. (a) A state wagering tax is imposed on the adjusted gross receipts received from the sale of pari-mutuel pull tabs authorized under this article at the rate of fifty percent (50%).

(b) The licensee shall remit the tax imposed by this section to the department before the close of the business day following the day the pari-mutuel pull tabs are sold.

(c) The department may require payment under this section to

1 be made by electronic funds transfer (as defined in  
2 IC 4-8.1-2-7(f)).

3 (d) If the department requires taxes to be remitted under this  
4 chapter through electronic funds transfer, the department may  
5 allow the licensee to file a monthly report to reconcile the  
6 amounts remitted to the department.

7 (e) The department shall deposit tax revenue collected under  
8 this section in the state general fund.

9 **Sec. 2. (a) A local wagering tax is imposed on the adjusted gross**  
10 **receipts received from the sale of pari-mutuel pull tabs authorized**  
11 **under this article at the rate of twenty-five percent (25%).**

12 (b) The licensee shall remit the tax imposed by this section to  
13 the county treasurer of the county in which the licensee's tavern  
14 is located before the close of the business day following the day  
15 the pari-mutuel pull tabs are sold.

16 (c) If the tavern operated by a licensee remitting taxes under  
17 this section is located in a city or town, the county treasurer shall  
18 allocate the tax revenue between the city or town and the county  
19 according to the ratio the city or town's population bears to the  
20 total population of the county.

21 (d) If the tavern operated by a licensee remitting taxes under  
22 this section is located in an unincorporated area, the county shall  
23 retain all the taxes remitted by the licensee.

24 **Sec. 3. The department shall prescribe forms for the remittance**  
25 **of taxes under this chapter.**

26 **Sec. 4. Taxes received by a county, city, or town under section**  
27 **2 of this chapter must be used to provide property tax relief."**

28 Page 37, line 32, after "IC 4-31-7.5" insert "**or IC 4-35**".

29 Page 38, line 6, after "(IC 4-33-13);" insert "**the state wagering tax**  
30 **(IC 4-35-8-1); the local wagering tax (IC 4-35-8-2);"**.

31 Page 40, line 16, delete "IC 4-31-7.5." and insert "**IC 4-31-7.5 or**  
32 **IC 4-35."**

33 Page 40, line 20, delete "IC 4-31-7.5." and insert "**IC 4-31-7.5 or**  
34 **IC 4-35."**

35 Page 40, between lines 24 and 25, begin a new paragraph and insert:  
36 "SECTION 40. [EFFECTIVE JULY 1, 2004] **(a) The Indiana**  
37 **gaming commission shall adopt the emergency rules required**  
38 **under IC 4-35-4-2, as added by this act, before January 1, 2005.**

39 **(b) This SECTION expires January 31, 2005."**

40 Renumber all SECTIONS consecutively.

(Reference is to HB 1188 as printed January 23, 2004.)

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Representative Fry